

Doyle's Art buys and sells paintings from emerging artists. The values of the works are prone to fluctuate considerably based on the ever changing stature of a particular artist. Following is a listing of 6 paintings, along with their costs, estimated selling prices, and expected selling costs (inclusive of commissions and shipping).

Painting	Cost	Estimated Selling Price	Estimated Selling Expense
<i>Fire on Hill</i>	\$1,000	\$1,400	\$400
<i>Horses in Aspen Grove</i>	2,500	800	100
<i>Baby's First Smile</i>	3,000	6,000	500
<i>Endless War</i>	2,000	2,200	300
<i>Rain Drop on Cactus</i>	1,500	2,500	400
<i>Election Day Upset</i>	2,300	1,600	200

- What unit value should be attached to each painting, assuming item-by-item application of the lower of cost or net realizable value rule?
- Assuming an item-by-item application of the lower of cost or net realizable value rule, what journal entry is needed to reduce *Election Day Upset*?
- As a general rule, is the item-by-item approach required? Is the item-by-item approach the most "conservative?"
- If an item of inventory is written down, but subsequently recovers in value during a subsequent year, can it be written back up?